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Fred Irwin

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte FRED IRWIN, MARK JOHNSON, NEIL D. POTTER,
PETER E. RAYNER, and MARIA TORREMANTE

Appeal 2008-5543
Application 09/662,588
Technology Center 3600

Decided:¹ March 11, 2009

Before, HUBERT C. LORIN, DAVID B. WALKER, and BIBHU R.
MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

¹ The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, begins to run from the decided date shown on this page of the decision. The time period does not run from the Mail Date (paper delivery) or Notification Date (electronic delivery).

STATEMENT OF THE CASE

The Appellants seek our review under 35 U.S.C. § 134 of the final rejection of claims 8-27, which are all the pending claims in the application. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF THE DECISION

We AFFIRM.

THE INVENTION

The Appellants' claimed invention is directed to a system and method for allowing the trading of securities using a network and at least one computer that creates multiple classes to execute trading functions (Specification 2:5-7). In one embodiment, if the trader does not accept the request within the time allotted, the trade is voided and the process ends (Specification 10:14-16). Claim 8, reproduced below, is representative of the subject matter of appeal.

8. A system comprising:
a customer terminal;
a trader terminal operatively coupled to the customer terminal through a communications network;
a processor;
wherein the processor is configured to dynamically create sets of class components to handle one or more transactions involving a trade request from a customer at the customer terminal, with each set of class components further comprising:
a first component comprising functions for sending messages and receiving messages to the system on behalf of the customer; a second component comprising functions for controlling access to the system by the customer; and a third

component comprising functions for sending messages to and receiving messages from the first component and a trader at the trader terminal; and
wherein the processor comprises a timer wherein the trade request from the customer is automatically revoked at a predetermined duration of time if the trader does not accept the trade request.

THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Kalmus	US 4,674,044	Jun. 16, 1987
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Schildt, Herbert. Turbo C/C++: The Complete Reference. Osbourne McGraw-Hill. Berkeley, CA. (1990) pp. 13, 561 and 727-720.

Coughlin, George Gordon. Your Handbook of Everyday Law: 5th Edition. Harper Collins Publishing. New York, NY. (1993). pp. 50 - 51.

The following rejections are before us for review:

1. Claims 8-27 are rejected under 35 U.S.C. § 103(a) as unpatentable over Kalmus, Coughlin, and Schildt.

THE ISSUES

The issue is whether the Appellants have shown that the Examiner erred in making the aforementioned rejections.

This issue turns on whether it would have been obvious to combine the teachings of Kalmus, Coughlin, and Schildt to have “a processor comprising a timer wherein the trade request from the customer is

automatically revoked at a predetermined duration of time if the trader does not accept the trade request”.

FINDINGS OF FACT

We find the following enumerated findings of fact (FF) are supported at least by a preponderance of the evidence²:

FF1. Kalmus discloses an automated securities trading system including a customer, a trader, and a stock exchange (Abstract, Figure 1).

FF2. Kalmus discloses that stock orders that are not executable are stored for later execution or forwarded to other market makers for potential execution (Col. 5:6-21).

FF3. Coughlin discloses general legal information which states that an “offer” may be terminated in several ways including: 1) when it has been rejected by the person to whom it was made; 2) by the lapse of the time specified or the lapse of a reasonable time when the offer is silent concerning duration (page 50)

FF4. Schildt discloses the use of C++ as an object-oriented programming language (page 72).

PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the

² See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

invention was made to a person having ordinary skill in the art to which said subject matter pertains.” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 1739, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 127 S.Ct. at 1739, (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” The Court also stated “[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 1740. The operative question in this “functional approach” is thus “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* at 1741 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere

conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

ANALYSIS

The Appellants argue as a group the rejection of claims 8-27 under 35 U.S.C. § 103(a) as unpatentable over Kalmus, Coughlin, and Schildt. We select claim 8 as representative of this group and the remaining claims stand or fall with claim 8. See 37 C.F. R. § 41.37 (c)(1)(vii) (2007).

The Appellants argue that the rejection of claim 8 is improper because the references do not teach or suggest the claimed limitation:

“wherein the processor comprises a timer wherein the trade request from the customer is automatically revoked at a predetermined duration of time if the trader does not accept the trade request” (Br. 5).

The Appellants argue that the Kalmus reference discloses that securities trading orders that are not executable are stored for later execution (Br. 6).

The Appellants argue that Coughlin is related to general contracting law principles and makes no reference to securities trading. The Appellants argue that hindsight has been used in making the combination because

“the processor in Kalmus is performing its function after there has been an acceptance of the trade request from the trader (to put it in the context of Coughlin). The Examiner's statements about "offers" and the conditions under which an offer may be deemed terminated is misplaced in the context of the processor described in Kalmus” (Br. 7).

In contrast the Examiner has determined that the references of Kalmus, Coughlin, and Schildt have been properly combined as obvious under 35 U.S.C. § 103(a) (Ans. 17). The Examiner has determined that in Kalmus orders that are not executable are stored in memory for later execution if they become qualified (Ans. 18). The Examiner cites Coughlin as disclosing general legal information that the validity of an offer was conditioned based on its acceptance by a specified time or date (Ans. 18). The Examiner asserts that the modification of the processor of Kalmus to qualify submitted offers based on their time-based availability as disclosed by Coughlin would have been obvious. The Examiner argues that without the time-based modification, an order submitted to the system and deemed unqualified could be stored indefinitely and the user of the system could find themselves liable for an order that was executed years after it had been originally submitted (Ans. 18-19).

We agree with the Examiner. In *KSR*, the Supreme Court rejected the Federal Circuit's rigid application of its teaching, suggestion, motivation test in favor of an expansive and flexible approach. *Id.*, 127 S. Ct. at 1739. The Supreme Court noted that often, it will be necessary "to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue." *Id.*, 127 S. Ct. at 1740-41. The Supreme Court noted that the Court of Customs and Patent Appeals "captured a helpful insight" when it first established the teaching,

suggestion, motivation test, but made clear that “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*, 127 S. Ct. at 1741.

We note initially that claim 8 does not require that the system “trade request” be directed to “securities” and the scope of the claim is not limited to securities transactions. Here, Kalmus discloses that stock orders that are not executable may be stored for later execution (FF2). Coughlin discloses general legal information which states that an “offer” may be terminated in several ways including the lapse of the time specified or the lapse of a reasonable time when the offer is silent concerning duration (FF3). Were the system of Kalmus not to have a timer, the trade request could be stored indefinitely for later execution and the user of the system could find themselves liable for an order that was executed years after it had been originally submitted and market conditions had dramatically been altered. Coughlin has shown that an “offer” may be terminated after the lapse of a reasonable time when the offer is silent concerning duration (FF3).

One of ordinary skill in the art readily would have inferred the advantage of terminating an offer if had not been accepted in a reasonable amount of time to avoid being liable for an order when market conditions had dramatically been altered if executed at a much later time. The modification of Kalmus to include a timer wherein the trade request from the customer is automatically revoked at a predetermined duration of time if the trader does not accept the trade request in view of the teachings of Coughlin and Schildt is an obvious modification with articulated reasoning and rational underpinnings to avoid liability for an order that was executed years after it had been originally submitted and market conditions had

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dramatically been altered. For these reasons, the rejection of claims of 8-27 under 35 U.S.C. § 103(a) as unpatentable over Kalmus, Coughlin, and Schildt is sustained.

CONCLUSIONS OF LAW

We conclude that Appellants have failed to show that the Examiner erred in rejecting claims 8-27 under 35 U.S.C. § 103(a) as unpatentable over Kalmus, Coughlin, and Schildt.

DECISION

The Examiner's rejection of claims 8-27 is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

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